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CENTRAL INTELLIGENCE GROUP
 INTELLIGENCE REPORT

COUNTRY China

SUBJECT Political Information: Status of AU-YANG CHU
 Canton Mayor

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ORIGIN

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 letter of 16 October 1972 from the
 Director of Central Intelligence to the
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SUPPLEMENT

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1. AU-YANG CHU (歐陽駒) was appointed Mayor of Canton 1 July 1946, replacing Admiral CH'EN Ts'e (陳策 CHAN Chak). CH'EN had submitted his resignation to the National Government on several previous occasions, but these had never been accepted. CH'EN expected his last resignation to be refused also. AU-YANG, however, having long wanted a substantial post, took advantage of CH'EN's resignation. His appointment was obtained chiefly through the influence of WU T'ieh Ch'eng (吳鐵城 WU Te-chen), Secretary-General of the Kuomintang Party and one of the most influential Cantonese in Nanking. Both the old and the new mayors belong to the Political Science clique. AU-YANG is a military man by profession, having served formerly as a Garrison Commander in eastern Kwangtung, and as Canton's Police Chief.

2. AU-YANG is carrying on his administration with little regard for Governor LO Cho-ying. There is however no open break between them and AU-YANG hopes to maintain his position through the support of WU T'ieh-ch'eng. The main point of conflict is over the collection of taxes from business firms: whether they shall go to the Municipal or Provincial Government. At present the Provincial Government is preparing to make the collections.
 Note: The political situation is complicated by lack of funds on the part of the Kwangtung Provincial Government. During the war expenditures were paid by the National Government. Recently, T.V. SOONG announced that the National Government would not collect taxes but would allow the provinces to do so. These should, according to SOONG, provide enough income for administrative expenses, which in Kwangtung amount to \$2,500,000,000 CMC monthly. Taxes, however, actually yield only one quarter of this amount, because of inefficient collection and official corruption. SOONG, knowing that an insufficient amount of revenue would be collected, counted on printing more bank notes. The provinces however have no authority to issue paper money. The Kwangtung Provincial Government has received a loan of \$2,000,000,000 CMC from four government banks, but this is only a temporary measure. Governor LO has been in Nanking recently to discuss this problem with the National Government.)

3. Since the induction of the new mayor, the only noticeable improvement has been in the water supply. In the opinion of the source, this reflects little credit on AU-YANG, since the improvement was dependent on the arrival of coal and the management of the power plant, now under the control of the Nanking Government's Natural Resources Commission. On the other hand, the condition of the streets has deteriorated, and garbage piles are heaped along sewer gratings.

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4. The new mayor appears to be on good terms with the British. He has asked for and taken the advice of the Hongkong Government on rationing and on the problem of dealing with street peddlers. AU-YANG has cleared two of Canton's busiest streets of hawkers, incurring the dislike of the classes which depended on street peddling for their livelihood.
5. Personally, AU-YANG is stubborn and slow of action, but has great confidence in himself. The press is generally unkind to him. His unpopularity with reporters is indicated by the fact that a few months ago he gave a luncheon for thirty members of the press at which only eight of the guests turned up. To add to his unpopularity he is earning a reputation as being niggardly and opportunistic, enriching himself wherever possible. In this he is said to be working closely with his Finance Commissioner, CH'EN Ping-to (陳秉鐸), known as a skilled politician. By contrast, the previous mayor, in spite of being a poor administrator, had been well liked by the press, popular with the people, and in good favor with his superiors, particularly Governor LO Cho-ying.

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